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in current use in the various countries. In the United States the index of the Department of Labor was generally recognized as the best, but it was based upon about 325 price quotations while most of the foreign indexes consisted of no more than 50 or 60. It seemed essential, therefore, as a prerequisite to accurate studies of price trends or price levels in different countries, to have a series of comparable or at least representative index numbers. In the course of the two years since that time a great deal of price work has been done in foreign countries, so that the situation is altered in important respects. In England the Board of Trade has revised and enlarged its index. The same is true of the Bachi index for Italy, while in Germany the *Frankfurter Zeitung* has constructed a new fairly large one. It is now possible, therefore, to make fairly accurate comparisons of wholesale prices in general in these countries, both on a paper and on a gold currency basis. The greatest value in the work of the Federal Reserve Board is that it concentrates within one organization an unusually comprehensive body of comparable international price material and that this material is handled in a similar fashion in the construction of its various index numbers. In addition, new classifications of commodities have been made which bring out interesting facts for the student of international price relationships. It also appears to be fairly well established, in view of the similarity between the Board of Trade and the Federal Reserve Board indexes for England, and between the Department of Labor and the Federal Reserve Board indexes for the United States, that very satisfactory wholesale price indexes can be constructed on the basis of less than 100 quotations.

MONTHLY PRODUCTION OF PIG IRON, 1884 TO 1903

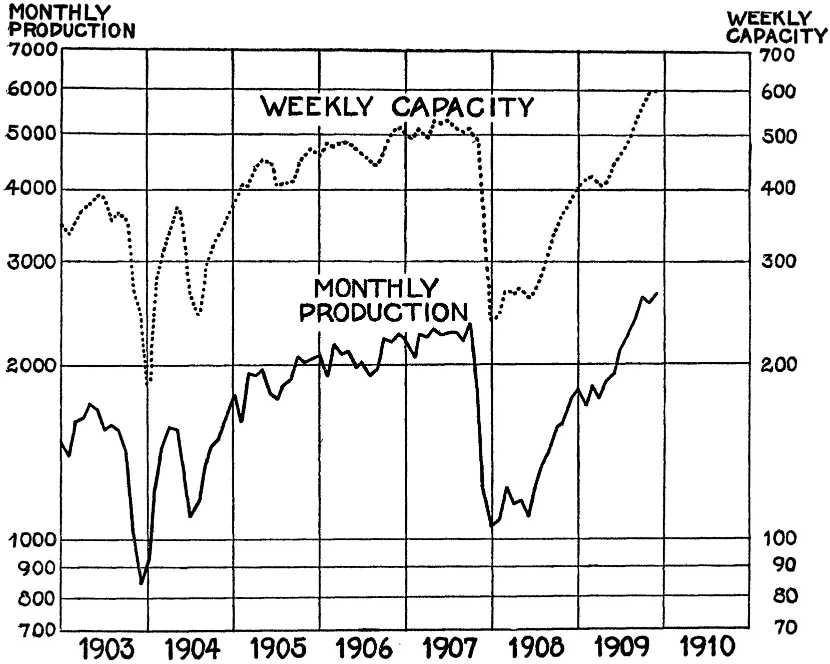
BY MARGARET G. MYERS

Production of pig iron is perhaps the best single index which we have of the volume of industrial activity in the United States. Its fluctuations agree closely with a number of composite indexes of business and industrial activity which have been made up from time to time, and they also tend to move with such records of general business activity as employment, bank clearings, and freight traffic. For this reason the fluctuations are of unusual interest. Annual figures on pig iron production are available practically continuously as far back as 1846. Monthly figures, however, were not collected until 1903, when the *Iron Age* began a compilation for the different kinds of pig iron.

Prior to 1903 there had been published by the *Iron Age* for each month as far back as 1884 figures for the number of furnaces in and out of blast, and the weekly capacity of furnaces in and out of blast at the first of each month. Although the figures for the number of furnaces do not furnish a true indication of the amount of production, the figures for weekly capacity of furnaces in blast run very close to production figures. For the years from 1903 to 1909 reports are available both for weekly capacity of furnaces in blast and for the monthly production of pig iron. The two series are shown in the accompanying diagram.

The close correspondence of the fluctuations of the two lines indicates the possibility of predicting production from the weekly capacity in blast. The coefficient of correlation between the two series is +.975. In computing this coefficient no allowance has been made for secular trend because the particular period under review does not show such a trend in marked degree.

From the figures for the years 1903 to 1909 a regression equation



Reported Weekly Capacity of Furnaces in Blast Compared with Production of Pig Iron Each Month

(Figures in thousands of tons)

was computed to obtain the relation between production and weekly capacity in blast. The resulting formula was $x = 8.1 + 4.34y$, in which x = production and y = weekly capacity in blast, and the figures are in round thousands of tons. By the use of this formula production figures have been computed for each month from 1884 to 1902. The resulting figures are shown in the following table. They were reproduced in graphic form in the *Monthly Review of Credit Conditions*, of the Federal Reserve Bank of New York, for March 1, 1922, together with the figures for succeeding years which have been published currently in the *Iron Age*.

MONTHLY PRODUCTION OF PIG IRON COMPUTED FROM THE WEEKLY CAPACITY OF FURNACES IN BLAST AT THE FIRST OF EACH MONTH

(In thousands of long tons)

	1884	1885	1886	1887	1888	1889	1890	1891	1892	1893
Jan.	329	260	373	503	533	624	711	681	776	724
Feb.	...	282	377	534	459	606	713	594	772	711
March	...	312	377	542	429	611	737	546	798	737
April	...	299	433	551	446	607	736	460	768	746
May	342	299	468	559	472	590	742	468	737	759
June	325	290	481	395	476	555	737	603	711	729
July	334	286	477	433	451	577	716	703	698	642
Aug.	312	290	468	442	477	577	676	698	646	446
Sept.	294	282	451	533	507	585	698	698	624	347
Oct.	286	286	472	568	525	611	729	737	655	303
Nov.	294	303	481	572	564	672	724	772	711	334
Dec.	299	342	490	564	601	685	707	781	733	416

	1894	1895	1896	1897	1898	1899	1900	1901	1902
Jan.	420	720	885	676	967	1037	1254	1063	1275
Feb.	425	694	841	694	980	1019	1267	1215	1419
March	468	672	807	724	1002	980	1249	1245	1380
April	542	676	798	737	998	1054	1232	1262	1445
May	468	668	811	733	998	1071	1254	1284	1475
June	264	672	776	724	959	1089	1262	1340	1471
July	364	733	763	707	924	1122	1202	1327	1505
Aug.	494	772	663	707	876	1141	1032	1297	1436
Sept.	637	833	542	794	906	1145	980	1280	1432
Oct.	642	863	468	854	920	1189	941	1314	1475
Nov.	694	928	525	915	976	1228	906	1371	1440
Dec.	720	928	603	967	1006	1262	972	1384	1471

The yearly totals of the monthly production figures computed by this means are not far different from annual production figures published by the *Iron Age*, and there is no noticeable tendency toward a greater or less difference as computations are carried back into earlier years.